

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
CITY OF AUBURN  
DEKALB COUNTY, INDIANA  
January 1, 2007 to December 31, 2007



**FILED**  
11/12/2008



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## OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia M. Miller	01-01-04 to 12-31-11
Mayor	Norman E. Yoder	01-01-04 to 12-31-11
President of the Board of Public Works and Safety	Norman E. Yoder	01-01-04 to 12-31-11
President of the Common Council	David Painter James A. Finchum	01-01-07 to 12-31-07 01-01-08 to 12-31-08



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF AUBURN, DEKALB COUNTY, INDIANA

We have examined the financial information presented herein of the City of Auburn (City), for the period of January 1, 2007 to December 31, 2007. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 21, 2008

CITY OF AUBURN  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 742,025	\$ 6,064,262	\$ 5,112,639	\$ 1,693,648
Motor Vehicle Highway	(30,197)	1,923,370	1,442,952	450,221
Local Road and Street	109,151	68,302	60,000	117,453
Park and Recreation	16,903	820,730	488,139	349,494
Law Enforcement Continuing Education	10,623	13,445	6,314	17,754
Rainy Day	81,256	200,615	-	281,871
Donation	59,833	82,355	60,899	81,289
Cumulative Capital Improvement	175,613	50,904	25,531	200,986
Cumulative Capital Development	1,481,637	407,096	20,293	1,868,440
County Economic Development Income Tax	1,748,271	538,495	521,293	1,765,473
Park Nonreverting	111,223	37,068	36,701	111,590
Rieke Park Construction	6,231	755,747	633,488	128,490
Fire Living Quarters	224	1,613	613	1,224
Fire Station Building Corporation Lease	(11,496)	410,932	273,240	126,196
Computer Building Corporation Lease	63,540	-	-	63,540
Information Technology Maintenance	74,898	-	45,162	29,736
Auburn Drive Project	34,218	-	-	34,218
Police Department Local Grants	1,172	-	-	1,172
Drug Enforcement Grant	11,096	23,120	20,920	13,296
DUI Grant	-	4,380	4,180	200
ISTEA/ACD Museum Grant	3,755	-	-	3,755
Tower UDAG Project	17,280	-	-	17,280
Multi-County Drug Task Force	42,666	65,248	40,804	67,110
Local Law Enforcement Block Grant	162	-	-	162
General Improvement	41,859	-	-	41,859
Industrial Sewer Revolving	78,346	40,269	-	118,615
Tax Incremental Financing	4,973,546	1,199,321	79,457	6,093,410
CEDIT Debt Service Reserve	271,170	-	-	271,170
Levy Excess	345,637	-	345,637	-
Proprietary Funds:				
Water Utility - Operating	931,119	2,557,201	2,612,655	875,665
Water Utility - Bond and Interest	5,331	424,142	421,285	8,188
Water Utility - Depreciation	1,264,151	264,000	107,742	1,420,409
Water Utility - Customer Deposit	47,219	26,787	26,433	47,573
Water Utility - Construction	414,840	17,919	63,906	368,853
Water Utility - Debt Service Reserve	542,085	-	-	542,085
Water Utility - Cash Reserve	-	81,000	81,000	-
Wastewater Utility - Operating	2,395,698	3,321,291	3,683,203	2,033,786
Wastewater Utility - Bond and Interest	79,344	743,700	744,185	78,859
Wastewater Utility - Depreciation	1,223,970	715,032	226,282	1,712,720
Wastewater Utility - Customer Deposit	22,283	11,649	11,887	22,045
Wastewater Utility - Improvement	973,198	72,000	-	1,045,198
Wastewater Utility - Debt Service Reserve	765,720	-	-	765,720
Wastewater Utility - Cash Reserve	20,700	165,000	165,000	20,700
Electric Utility - Operating	4,899,932	23,828,719	23,498,885	5,229,766
Electric Utility - Bond and Interest	720	-	-	720
Electric Utility - Depreciation	3,404,729	1,500,000	2,746,678	2,158,051
Electric Utility - Customer Deposit	71,346	44,760	44,400	71,706
Electric Utility - Cash Reserve	224,317	-	115,000	109,317
Self Insurance	1,469,527	919,894	858,440	1,530,981
Fiduciary Funds:				
Police Officers' Pension	177,875	37,892	57,736	158,031
Flex	6,855	41,448	39,676	8,627
Cobra Administration	-	5,351	5,351	-
Payroll	-	11,899,632	11,899,532	100
Totals	<u>\$ 29,401,601</u>	<u>\$ 59,384,689</u>	<u>\$ 56,627,538</u>	<u>\$ 32,158,752</u>

The accompanying notes are an integral part of the financial information.

CITY OF AUBURN  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: general administrative services, public safety, highways and streets, culture and recreation, public improvements, planning and zoning, urban redevelopment and housing, electric, water, and wastewater services.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2007, the City had deposit balances in the amount of \$32,158,752. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

CITY OF AUBURN  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.



CITY OF AUBURN  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,041,537
Infrastructure	17,470,134
Buildings	2,831,418
Improvements other than buildings	1,373,878
Machinery and equipment	8,513,341
Construction in progress	<u>2,070,912</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 34,301,220</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 735,068
Construction in progress	345,185
Capital assets, being depreciated:	-
Buildings	3,531,382
Improvements other than buildings	12,620,567
Machinery and equipment	1,286,352
Transportation equipment	<u>264,415</u>
Total Water Utility capital assets	<u>18,782,969</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	377,757
Construction in progress	430,275
Capital assets, being depreciated:	
Buildings	6,288,738
Improvements other than buildings	23,385,776
Machinery and equipment	10,404,857
Transportation equipment	<u>321,214</u>
Total Wastewater Utility capital assets	<u>41,208,617</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	701,589
Construction in progress	4,323,283
Capital assets, being depreciated:	
Buildings	3,043,262
Improvements other than buildings	26,250,799
Machinery and equipment	2,553,998
Transportation equipment	<u>1,574,916</u>
Total Electric Utility capital assets	<u>38,447,847</u>
Total business-type activities capital assets	<u>\$ 98,439,433</u>

CITY OF AUBURN  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
For The Year Ended December 31, 2007

The City has entered into the following long-term debt:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Fire station	\$ 1,190,000	\$ 215,000
Police copier	3,800	3,800
Dump trucks	130,562	31,875
Loan payable (Auburn EDIT SRF)	<u>2,350,000</u>	<u>185,000</u>
Total governmental activities long-term debt	<u>\$ 3,674,362</u>	<u>\$ 435,675</u>
Business-type Activities:		
Water Utility		
Capital lease:		
Copier	\$ 1,322	\$ 1,322
Revenue bonds:		
1993 Improvement	50,000	50,000
2000 Improvement	<u>3,355,000</u>	<u>190,000</u>
Total Water Utility	<u>3,406,322</u>	<u>241,322</u>
Wastewater Utility		
Capital lease:		
Copier	1,322	1,322
State Revolving Fund Loan payable	<u>5,750,000</u>	<u>555,000</u>
Total Wastewater Utility	<u>5,751,322</u>	<u>556,322</u>
Electric Utility:		
Capital lease:		
Copier	<u>1,322</u>	<u>1,322</u>
Total business-type activities long-term debt:	<u>\$ 9,158,966</u>	<u>\$ 798,966</u>

CITY OF AUBURN  
EXIT CONFERENCE

The contents of this report were discussed on October 21, 2008, with Patricia M. Miller, Clerk-Treasurer; and Norman E. Yoder, Mayor. Our examination disclosed no material items that warrant comment at this time.